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JAPAN OFFERS U.S. MANCHUKUO SHARE

American Machinery, Services to Extent of
\$300,000,000 Can Be Used in Country

AIKAWA PLANS VISIT HERE

Tokyo Industrialist Will Go to Hsinking--
Cities Industrial Freedom, Low Taxes

By HUGH BYAS

Wireless to The New York Times

TOKYO, March 12.--American machinery and services to the extent of \$300,000,000 can be utilized by Manchukuo if plans Yoshisuke Aikawa outlined to this correspondent today materialize. Mr. Aikawa is a Japanese capitalist whom the government has entrusted with the exclusive development of all heavy industry there. He left tonight for Hsinking to make a final examination of the interests he is taking over. After returning a month hence he expects to visit the United States with concrete propositions.

Mr. Aikawa, who looks younger than his 58 years, was till the other day president of the Japan Industrial Company, a successful corporation he had built up controlling eighteen subsidiaries with 700,000,000 yen capital. He has transferred his entire interests and those of his 50,000 shareholders to Manchukuo because "Manchukuo offers the world's best investment today." The new company is the Manchukuo Industrial Development Company, with a capital of 450,000,000 yen, of which half is subscribed by the Manchukuoan Government and half by Mr. Aikawa and his associates.

His proposition, as he describes it, is a virtual monopoly of the heavy industries for the Japanese and Chinese markets in a new country with vast undeveloped resources, without debt, with low taxation and with an untrammelled government bent on the rapid development of industry. Mr. Aikawa plans to construct a model, modern industrial State under conditions he considers ideal from the producer's viewpoint.

"Manchukuo can produce coal, iron and steel cheaper than any other country because of light taxation," he said. The government does not require large revenues because it does not need armaments and is free from political pressure. All its expenses are small, education, for example, being restricted to a practical scale suited to the people. Manchukuo possess mineral resources Japan lacks. therefore the government has adopted a policy of encouraging industry and low costs of production are assured.

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"The Manchukuo Government has undertaken a Five-Year Plan of industrial development, by which after revisions it has been decided to expend 3,000,000,000 yen on heavy industry. Manchukuo can provide 1,000,000,000 yen, leaving 2,000,000,000 yen to be raised by Japan abroad. About half of that can be supplied by Japan, the other half, that is to say, 500,000,000, can be offered abroad on the basis of interests in those enterprises in the payment of American machinery patent rights and technical services."

Foreign Holdings Restricted

Asked what security was offered for payment in this vast purchase and what control American investors would have over their investment, Mr. Aikawa answered that security would be debentures and shares. Foreign control could not be admitted, as Manchukuo law restricted foreign holdings to 49 per cent of the shares. Details would have to be negotiated with American leaders according to market conditions. The issues of shares of no par value or without voting power would, in his opinion, be a suitable method of attracting American capital.

"The Japanese Government's credit is rated on the New York Stock Exchange at 10 per cent. Can your company offer American investors better terms?" he was asked.

Mr. Aikawa answered:

"When Americans buy Japanese bonds they only invest money. When they invest in Manchukuo they are selling machinery, materials and patent rights. They are selling their surplus productive capacity and buying the prospects of increased yield in the future, so you cannot compare my shares with government bonds."

Mr. Aikawa kept returning to the question of security.

"The best security is a profitable proposition," he said. "Manchukuo is the world's industrial frontier today, and it is a safe frontier where law, order and security are guaranteed by Japan. Our markets are Japan and China, both of which need our products. The development of Manchukuo will raise the living standards of 70,000,000 Japanese, thereby indirectly increasing their demands for American luxuries."

Will Open "Closed" Door

Asked why he expected Americans to provide capital for a country that is closing its doors to foreign trade, Mr. Aikawa answered he could not speak about general trade in Manchukuo, but it was reasonable to expect general conditions to improve if the cooperation he outlined could be arranged.

"I am going to open the closed door," he said.

He was reminded that the oil companies had been deprived of their business and asked how American investors could be sure future governments would respect their interests. He answered that the government had decided that it must control oil trade in the national interests, but that the companies would be compensated and that details were now being negotiated.